



TOURISM SASKATCHEWAN

2007-2008 ANNUAL REPORT

Tourism is a significant industry for Saskatchewan. The industry contributed \$1.47 billion in 2007 to the province's economy, and of this more than \$500 million in sales was spent by non-resident visitors. The province boasts a fascinating history, magnificent natural beauty, and some of the friendliest people on earth. Over 4,300 attractions, events and tourism-related businesses entertain, educate, and excite the many people that visit our province. More than 8.6 million visits to Saskatchewan occurred in 2007.

Even with this success, there are still opportunities for growth and development. In order to sustain this momentum, it is essential that Tourism Saskatchewan continues to market Saskatchewan strategically and to effectively use the resources at hand. Considering increased competition, fluctuating gas prices, increasingly savvy consumers, and a variety of challenges, Tourism Saskatchewan, our industry stakeholders and government partners must work together to make Saskatchewan a world-class destination.



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2007-2008 in Review

During the past fiscal year (October 1, 2007-September 30, 2008), Tourism Saskatchewan established beneficial partnerships that proved integral to our programs and initiatives. Building upon the momentum of the *Saskatchewan Summit on Tourism*, our organization reaffirmed its relationship with government, industry members, and consumers. The \$3.5 million in new funding announced by the Government of Saskatchewan in the Spring Budget was most welcomed and began the process of rebuilding this essential but chronically underfunded and undervalued part of our economy.

Tourism Saskatchewan knows marketing. We understand the benefits of targeting specific tourism markets where the return on investment is measurable and lucrative. New funding enabled our Marketing Team to research future target markets, produce photography and high definition videography, and further explore markets in the United States and overseas. An improved consumer website enhanced our efforts and benefitted members, with increased activity, better search features, and a direct link option to member websites.

Fundamental to marketing is having outstanding products to promote. Tourism Saskatchewan's Industry Development department provided communities, operators, and regions with valuable support and expertise. One tremendous accomplishment was achieved when forty-three forward-thinking rural and urban municipalities, businesses, economic development

organizations, and a First Nation signed an agreement to develop the Lake Diefenbaker Destination Area Plan. We watch with anticipation as this cutting-edge initiative proceeds. Leadership in destination area planning continued in the Cypress Hills/Horseshoe and Prince Albert National Park regions, as well.

Collaboration, co-operation, and mutual support are fundamental for an industry as large and diverse as tourism. The first *HOST Saskatchewan – Hospitality, Outfitters & Tourism Conference & Trade Show* – assembled industry stakeholders for three days of workshops, networking opportunities, and award celebrations. The conference featured the largest tourism trade show in Saskatchewan's history.

Creating awareness of the importance of tourism and encouraging resident pride are crucial – consider the power of one million citizens becoming one million-plus cheerleaders. Programs such as *Tourism Awareness Week*, *Local Bounty: Farmer–Chef Connection*, and *Tourism Community Champions Program* raised the profile of the industry and provided strategic information to key audiences.

The year was marked by a number of challenges, including a spike in gas prices, an unpredictable Canadian dollar, and confusion regarding passport legislation. Labour shortages and stiff competition in employee attraction and



retention were realities with which numerous industries were and remain confronted. The Saskatchewan Tourism Education Council (STEC) delivered training and education programs in tourism occupations. STEC continued its work to improve human resource management and advance tourism as a viable career choice. Despite labour market woes, there was positive news concerning our province's tourism workforce. Preliminary reports in August, 2008 indicated that the number of people employed in tourism-related jobs rose to 56,700, an increase of 7.2% over the previous year.

In response to suggestions from the *Saskatchewan Summit on Tourism*, a full review of the five Visitor Reception Centres was undertaken. Additional projects included the undertaking of a comprehensive review of Tourism Saskatchewan's Travel Guides, as well as the groundwork for an examination of membership.

Once again, Tourism Saskatchewan was pleased to have fulfilled its mandated operational objectives. It provided core support to the five Tourism Regions and the two City Marketing Organizations, managed the Visitor Reception Centres, supported the Saskatchewan Tourism Education Council in the delivery of its training and education programs, published numerous travel guides, and marketed our province to potential visitors.

In reflection, the 2007-2008 fiscal year was an eventful, gratifying twelve months. Tourism justly received recognition as a key player.

VALUES OF TOURISM SASKATCHEWAN

- We believe in providing leadership through excellence in marketing and developing Saskatchewan's tourism potential.
- We believe in the power of teamwork, while respecting individual differences.
- We believe in conducting ourselves responsibly and with integrity in all endeavours.
- We believe in accountability, loyalty and commitment to our partners, our members and ourselves.
- We believe in responding creatively to member needs and business opportunities.
- We believe in contributing to the social, environmental and economic well-being of our province.
- We believe that the wisdom of Elders can provide us with guidance in the appreciation of our natural heritage.
- We believe in adapting enthusiastically to future challenges and opportunities.

Minister's Message

2008 has been a time of rapid change for Saskatchewan.

As we continue to lead the nation in economic and population growth, we have new opportunities to promote Saskatchewan – not just as a place to live and work, but also as a place to visit, relax, and enjoy Saskatchewan's abundant natural beauty, excellent facilities and warm hospitality.

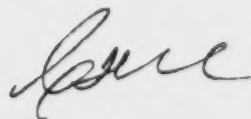
Over the last year, the Government of Saskatchewan has been working to fulfil its promise to significantly increase its tourism budget and invest strategically in our network of parks. We have worked collaboratively with Tourism Saskatchewan, regional tourism associations, and the private sector to develop the industry and prepare it for the future.

Tourism is a significant part of the Government's mission to improve our quality of life and build pride of place in our province. A robust and thriving tourism industry will help to secure our economy and maintain its growth for the future.

The Ministry of Tourism, Parks, Culture and Sport looks forward to working with Tourism Saskatchewan throughout 2009 and beyond to promote our province across Canada and around the world.

My best wishes for the year ahead.

Sincerely,



Christine Tell
Minister of Tourism, Parks, Culture and Sport



Ministry of
Tourism, Parks,
Culture and Sport



DUAL ACCOUNTABILITY

As a sector-based organization, Tourism Saskatchewan is dually accountable. In the delivery of its strategic business operations, management is responsible for ensuring that Tourism Saskatchewan meets the requirements of eight legislated functions and responds to the policy-based form of governance outlined by the Board of Directors.

LEGISLATED FUNCTIONS

Tourism Saskatchewan was created in 1994, the result of recommendations and supporting work by an industry/government taskforce. Government legislation was passed in support of the new model, and the Tourism Act was revised in 1996 to effectively represent the merging of TISASK, the Saskatchewan Tourism Education Council (STEC), and the product development area of the provincial government with Tourism Saskatchewan.

Identified in The Tourism Act are eight legislated functions that comprise Tourism Saskatchewan's core mandate:

1. The marketing of tourism;
2. The provision of visitor and information services;
3. The education and training of those working in the tourism industry;
4. The planning and development of destination areas;
5. The administration of tourism funding programs;
6. Research and policy development in tourism;
7. Public awareness of tourism; and
8. The development and promotion of tourism in Saskatchewan.

Message from the Chair

Tourism Saskatchewan and our province's tourism industry are in good hands. Under Lynda Haverstock's leadership, the public profile of tourism has increased. Dr. Haverstock's expertise in building relationships with government departments, associations, municipalities, cities, and organizations, on a provincial and national level, has positioned our industry at a new level of awareness and appreciation.

The 2007-2008 fiscal year was one of notable highlights. The *Saskatchewan Summit on Tourism* proved a thrust for this exciting and eventful period and reinforced the understanding that by working together, we can accomplish great things. Following this was the resounding success of the first *HOST Saskatchewan – Hospitality, Outfitters & Tourism Conference & Trade Show*. Over 450 people gathered for three days of workshops, networking opportunities, industry celebrations, and to take advantage of the largest tourism trade show in the province's history. It was a rewarding experience to work with our co-hosts, the Saskatchewan Hotel and Hospitality Association and the Saskatchewan Outfitters Association.

Building relationships is vital to the success of our industry. We appreciate the commitment to tourism by our new government partners. The creation of the Ministry of Tourism, Parks, Culture and Sport coupled with the enthusiasm and spirit that Minister Christine Tell brings to her portfolio has signalled renewed optimism. The \$3.5 million increase to Tourism Saskatchewan's annual budget, along with a commitment to Saskatchewan parks and other important areas of our industry demonstrate forward thinking and responsible action.

A focus in 2007-2008 of the Board of Directors involved revising Tourism Saskatchewan's Vision and Ends Policies. These statements were formulated with consideration of the potential of our industry and the bright future that lies ahead.

There remains work to be done to advance products and levels of service to the standards sought by today's travellers. We need to collectively brand our province under one umbrella and consistently send the right message. We need to be serious about developing and marketing Saskatchewan as "a world-class destination".


This is a great time to be living in Saskatchewan. Our province's leadership in economic growth is repeatedly making news' headlines. Canada's largest bank, Royal Bank of Canada, credits strength in the energy, mining, and agriculture sectors for Saskatchewan's nation-leading performance in employment growth, retail growth, and retail sales. Our housing market is booming and our provincial government is reducing taxes for those who need it most. People are starting to sit up and take notice!

Spreading the word about Saskatchewan's beauty, its abundance of recreational activity, and its unique vacation opportunities is critical. Tourism Saskatchewan has a leadership role to play in encouraging operators, sector organizations, the business community, our vibrant cities, and all levels of government to work collaboratively in order to best serve our industry.

I wish to extend sincere thanks to the Staff and Management of Tourism Saskatchewan, and to all the ambassadors who work so hard to keep this wonderful industry thriving.

I also want to acknowledge the work of the Regional Boards and Staff who are the point of contact with the grass roots of tourism. They are hands-on with the pulse of the industry, building relationships with towns, rural municipalities, and local operators who deliver the experiences. Their role is key to supporting the big picture.

Last, but not least, I applaud my Board colleagues. The skills and experience of Tourism Saskatchewan's Board of Directors have helped shape the future direction of the organization. It has been a great honour and pleasure to have served as Chair of the Board. The experience has been truly enjoyable and humbling. I thank you all for your respect and support.


Janet Olsen



Tourism Saskatchewan's Board of Directors

Tourism Saskatchewan is governed by a fifteen-member Board of Directors – ten industry-appointed positions, three elected by the membership, and two appointed by the Government of Saskatchewan. These individuals volunteer their time and efforts to the organization, and commit to representing the entire industry, rather than the interests of their respective sectors. On behalf of the industry, the Board of Directors meets approximately eight times annually to monitor the work of Tourism Saskatchewan and provide direction to the administration.

Tourism Saskatchewan's legislated mandate sets the broad responsibilities for the organization. Ends Policies provide focus for the operational activities and organizational objectives. The Board of Directors worked to revise the Vision Statement and the Ends Policies during the 2007-2008 fiscal year. The following were passed by the Board in September of 2008.

Vision:

Tourism Saskatchewan is the driving force in the development and marketing of a world-class destination.

Ends Policies:

1. Promote Saskatchewan;
2. Build Capacity;
3. Advocate on Behalf of Saskatchewan's Tourism Industry;
4. Promote Sustainable Development; and,
5. Provide Corporate Leadership.



Seated (left to right): Patricia Cook, Sue Schigol, Janet Olsen, Brenda Sherring, Andrew Turnbull
 Standing (left to right): Dale Botting, Tony Coppola, Larry Bird, S.P. Van Isman, Lance Grocco, Carey Baker, Rusty Gardiner
 Missing: Darlene Stakiw, Daryl Safinuk

2008 BOARD OF DIRECTORS

Janet Olsen, Chair, Member-at-Large
 Darlene Stakiw, Vice Chair, Member-at-Large
 Carey Baker, West Central/East Central Tourism Regions
 Larry Bird, Member-at-Large
 Dale Botting, Government of Saskatchewan
 Patricia Cook, Federation of Saskatchewan Indian Nations
 Tony Coppola, Tourism Regina

Rusty Gardiner, Northern Tourism Region
 Lance Grocco, Saskatchewan Hotel and Hospitality Association
 S.P. Van Isman, Government of Saskatchewan
 Daryl Safinuk, Southwest/South East Tourism Regions
 Sue Schigol, Saskatchewan Outfitters Association
 Brenda Sherring, Heritage, Arts and Multicultural Communities
 Andrew Turnbull, Tourism Saskatoon
 Vacant, Métis Nation - Saskatchewan

Message from the President/CEO

One year ago, over 400 industry stakeholders and government officials gathered for Saskatchewan's first *Summit on Tourism*. The assembly resulted in a number of positive outcomes, including a commitment to build upon the momentum that had been created and propel Saskatchewan's tourism industry from Good to GREAT. Time was of the essence. Our 2007-2008 fiscal year became a period during which Tourism Saskatchewan would seize opportunity, "fan the flames" of enthusiasm and encouragement, and take action on projects and initiatives to strengthen our organization, benefit our members, grow Saskatchewan's tourism industry, and reap economic benefits for our province.

Our organization has identified several core values to which it is committed. We believe in teamwork. Tourism Saskatchewan is determined to respond creatively to our members' needs, as well as to business opportunities. In addition, we want to enthusiastically embrace the future. Several activities over the last twelve months are tangible examples of the aforementioned. The first *HOST Saskatchewan – Hospitality, Outfitters & Tourism Conference & Trade Show*, the first Destination Area Plan for our province in the Lake Diefenbaker region, the first *Local Bounty: Farmer-Chef Connection* showcase assembling Saskatchewan food producers and local chefs/restaurateurs, along with other bold innovations demonstrate that 2007-2008 was a year of advancement.

In Canada, tourism generates economic activity equal to that of forestry, fishing, and agriculture combined. Spending by business and leisure travellers amounted to \$70.8 billion in 2007. Saskatchewan's tourism industry recorded another year of growth, injecting nearly one-and-a-half billion dollars into provincial coffers. The forecast is encouraging. According to the Conference Board of Canada, Saskatchewan is predicted to experience the largest growth in travel volumes and overnight expenditures among all Canadian jurisdictions.

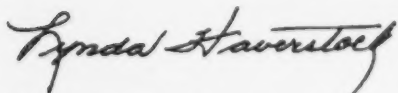
Tourism Saskatchewan's Board of Directors deserves kudos for its dedication to the industry and for supporting the work of our Regina and Saskatoon offices. The Board's thoughtful consideration in crafting new Vision and Ends Policies will guide Tourism Saskatchewan through the exciting years ahead.

I am grateful to be surrounded by creative and talented individuals who strive for excellence. Thank you to all – Board Members, Managers, and Staff. Your contributions to Team Tourism Saskatchewan are deeply appreciated.

It is important to acknowledge the significant role played by the Government of Saskatchewan. The establishment of Ministry of Tourism, Parks, Culture, and Sport was a bold decision. It is tangible evidence that tourism is viewed as integral to the province's image and economy. Furthermore, when the Spring

Budget was announced, our industry experienced an injection of real dollars for the first time in almost two decades. The inclusion of representatives of Tourism Saskatchewan and stakeholders on key committees struck by a number of Ministries is good news, indeed.

The 2007-2008 Annual Report outlines a year of stimulating partnerships, fresh initiatives, and innovative projects undertaken by the management and staff of Tourism Saskatchewan. The Report details another cycle of sound financial management for this organization.

A handwritten signature in cursive script, reading "Lynda Haverstock".

Lynda Haverstock, C.M., S.O.M., Ph.D., LL.D.
President/CEO



Building Partnerships



Tourism Saskatchewan is a board-driven, membership-based, industry/government partnership, which was the first of such models in Canada. A strength of the organization is its membership, numbering over 2,100.

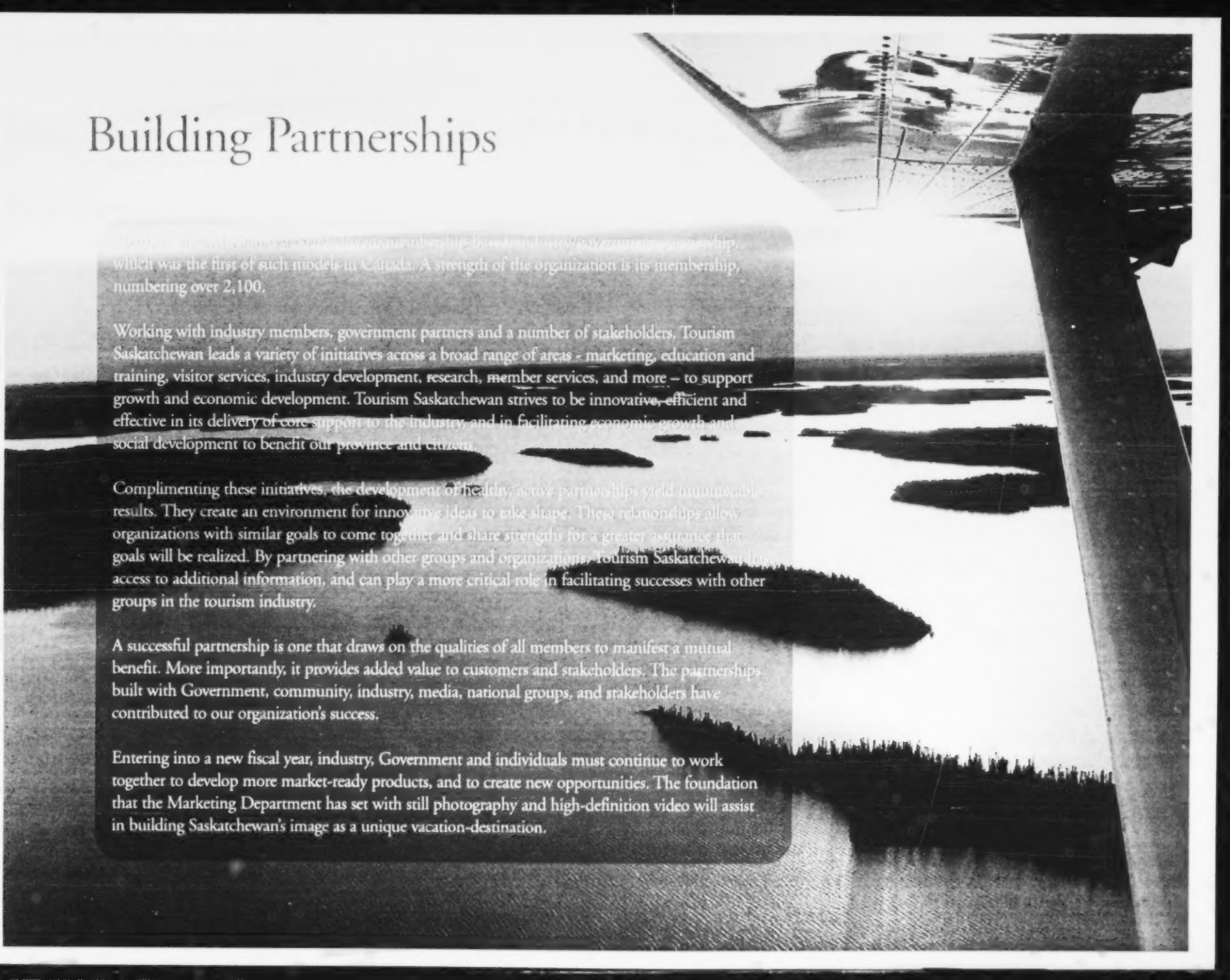
Working with industry members, government partners and a number of stakeholders, Tourism Saskatchewan leads a variety of initiatives across a broad range of areas - marketing, education and training, visitor services, industry development, research, member services, and more - to support growth and economic development. Tourism Saskatchewan strives to be innovative, efficient and effective in its delivery of core support to the industry, and in facilitating economic growth and social development to benefit our province and citizens.

Complimenting these initiatives, the development of healthy, active partnerships yield innumerable results. They create an environment for innovative ideas to take shape. These relationships allow organizations with similar goals to come together and share strengths for a greater assurance that goals will be realized. By partnering with other groups and organizations, Tourism Saskatchewan has access to additional information, and can play a more critical role in facilitating successes with other groups in the tourism industry.

A successful partnership is one that draws on the qualities of all members to manifest a mutual benefit. More importantly, it provides added value to customers and stakeholders. The partnerships built with Government, community, industry, media, national groups, and stakeholders have contributed to our organization's success.

Entering into a new fiscal year, industry, Government and individuals must continue to work together to develop more market-ready products, and to create new opportunities. The foundation that the Marketing Department has set with still photography and high-definition video will assist in building Saskatchewan's image as a unique vacation-destination.

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Organizational Structure

Executive Office

Tourism Saskatchewan's Executive Office is responsible and accountable for all operational activities, manages corporate, community and government relations, policy development and special projects, and engages in lobbying on behalf of the industry. Staff manage executive communications and endeavour to broaden awareness of the importance of Saskatchewan's tourism industry. The President/CEO works with the Board of Directors to ensure the governance model is properly executed. Administrative support is provided to the Board of Directors.

Finance and Administration

The Department of Finance and Administration is responsible for financial management and reporting, human resources management, and facilities and materials administration. The department supports the corporate accountability of Tourism Saskatchewan's operations. It ensures that financial and administrative systems are in place to manage efficient, cost effective performance throughout all areas, and to assist Tourism Saskatchewan in achieving its business strategy goals. Additionally, the Department is responsible for core funding negotiation and reporting requirements.

Marketing

Tourism Saskatchewan's Marketing Department endeavors to promote awareness of the province's tourism opportunities and drive inquiries about and visits to Saskatchewan. The Marketing Team ensures that Saskatchewan is promoted as a destination to target markets across North America and overseas. Functions managed by the Department include online marketing, research, advertising, promotion, media publicity, and front-line visitor services (offered by Tourism Saskatchewan's Visitor Services Centre and five Visitor Reception Centres). The Marketing Department is also responsible for Information Technologies staff, who manage technical services for the entire organization, develop industry and inquiry databases, and host the consumer and industry websites.

Industry Development

Saskatchewan's tourism industry requires ongoing planning and product development in order to achieve its potential. The Department of Industry Development works with communities and industry members across the province to enhance the tourism experiences they offer, with the goal of increasing per-person visitor expenditures. This is achieved by providing planning assistance and direction to communities, tourism regions, destination areas, individual businesses, and groups throughout the province.

Industry Relations

The Department of Industry Relations is committed to expanding communication with the industry, and on behalf of the industry. Responsibilities of the Department include event management, membership, advertising sales, acquisition of merchandise and promotional items, corporate communications, Industry Matters website, image library, and production of Tourism Saskatchewan's series of travel guides.

Saskatchewan Tourism Education Council

The Saskatchewan Tourism Education Council (STEC) has been committed to human resources development and the provision of education and training to support Saskatchewan's tourism industry since 1990. Its mandate addresses human resource management, employee recruitment and retention, post-secondary and technical training, awareness of tourism as a viable career, and developing a professional and more representative tourism workforce.

STEC exceeded its initial goal by over ten percent, training a total of 3,371 people in 2007-2008. Along with the training programs, STEC also executes Career Awareness Initiatives that include attending career fairs and presenting information to high school students that expresses the over 400 career opportunities in the tourism industry. During this fiscal period, STEC attended over fifty opportunities to speak with people about the satisfaction gained from a career in the tourism industry.



GOVERNMENT PARTNERSHIPS

New Ministry

During the past fiscal year, a new Ministry of Tourism, Parks, Culture and Sport (TPCS) was created by the Government of Saskatchewan with a mandate that focuses on tourism. It amalgamated the former Department of Culture, Youth and Recreation with Parks Service, which was previously under the Department of Environment.

The Ministry supports and promotes Saskatchewan tourism, manages and enhances Saskatchewan's provincial parks system, conserves park ecosystems and provincial cultural resources, and provides recreational and interpretive opportunities for park visitors.

Because of complimentary objectives, Tourism Saskatchewan and Saskatchewan Parks have collaborated on some projects in order to create efficient and effective ways of using shared resources. The Saskatchewan Provincial Parks Inquiry Line now operates within Tourism Saskatchewan's Visitor Services Centre. Provincial Parks are a significant draw for Saskatchewan tourists. By sharing the service, callers receive information about the parks and the province in one place.

A new position has been created that is shared equally by Saskatchewan Parks and Tourism Saskatchewan. Saskatchewan Parks had need for a graphic designer and Tourism Saskatchewan lacked resources to improve its Industry Matters website. This shared position is beneficial to both groups and is an excellent example of thoughtful collaboration.

New Funding

The Government of Saskatchewan's 2008-2009 budget was met with a favourable response by Tourism Saskatchewan. An additional \$3.5 million was allocated to Tourism Saskatchewan to continue promoting the province as a world-class tourism destination. This funding proves that tourism is recognized as a valuable contributor to Saskatchewan's economy. After decades of underfunding, Tourism Saskatchewan embraced this opportunity to enhance marketing initiatives and implement strategic initiatives.

For Marketing, increased monetary resources allowed for the contract of photographers and videographers to produce still photography and high-definition video footage to fulfil media requests and for use in advertising. A new series of Economic Impact Models has been developed. These models will help measure the impact non-resident visitors have on the provincial economy, thereby influencing future marketing efforts. They will be available for groups and communities to access. These funds also facilitated the development of a comprehensive two-year online marketing strategy. A new marketing Agency of Record, Phoenix Group, was hired to develop the next campaign look.

Industry Development provided financial support to key product development initiatives. These included the Lake Diefenbaker Tourism Destination Area Plan and the 1885 Coalition Action Plan, which will help launch a formal acknowledgement of the 125th Anniversary of the Northwest Resistance.

A comprehensive review of Tourism Saskatchewan's Travel Guides has been undertaken. All five travel guides will be compared to other jurisdictions. Research gathered from users of the guide regarding information, format, and layout will be collected. The report will make recommendations for changes to ensure that the guides remain relevant, are easy to use, and appeal to our target markets.

Highways and Infrastructure

A strong highway network is vital to the health of Saskatchewan's tourism industry. In 2008, the Ministry of Highways and Infrastructure strengthened its commitment

to this industry by including tourism input as a factor when prioritizing highway repairs and upgrades. Furthermore, the Ministry invited Tourism Saskatchewan to participate on the Rural Highway Advisory Committee, responsible for evaluating and determining improvements to Saskatchewan's highway system.

Tourism Saskatchewan is also a longstanding member of the Provincial Tourism Signage Committee (PTSC), which is a committee of the Ministry. In 2008, the Ministry responded to longstanding concerns of the tourism industry by beginning a review of tourism signage policies.

INDUSTRY PARTNERSHIPS

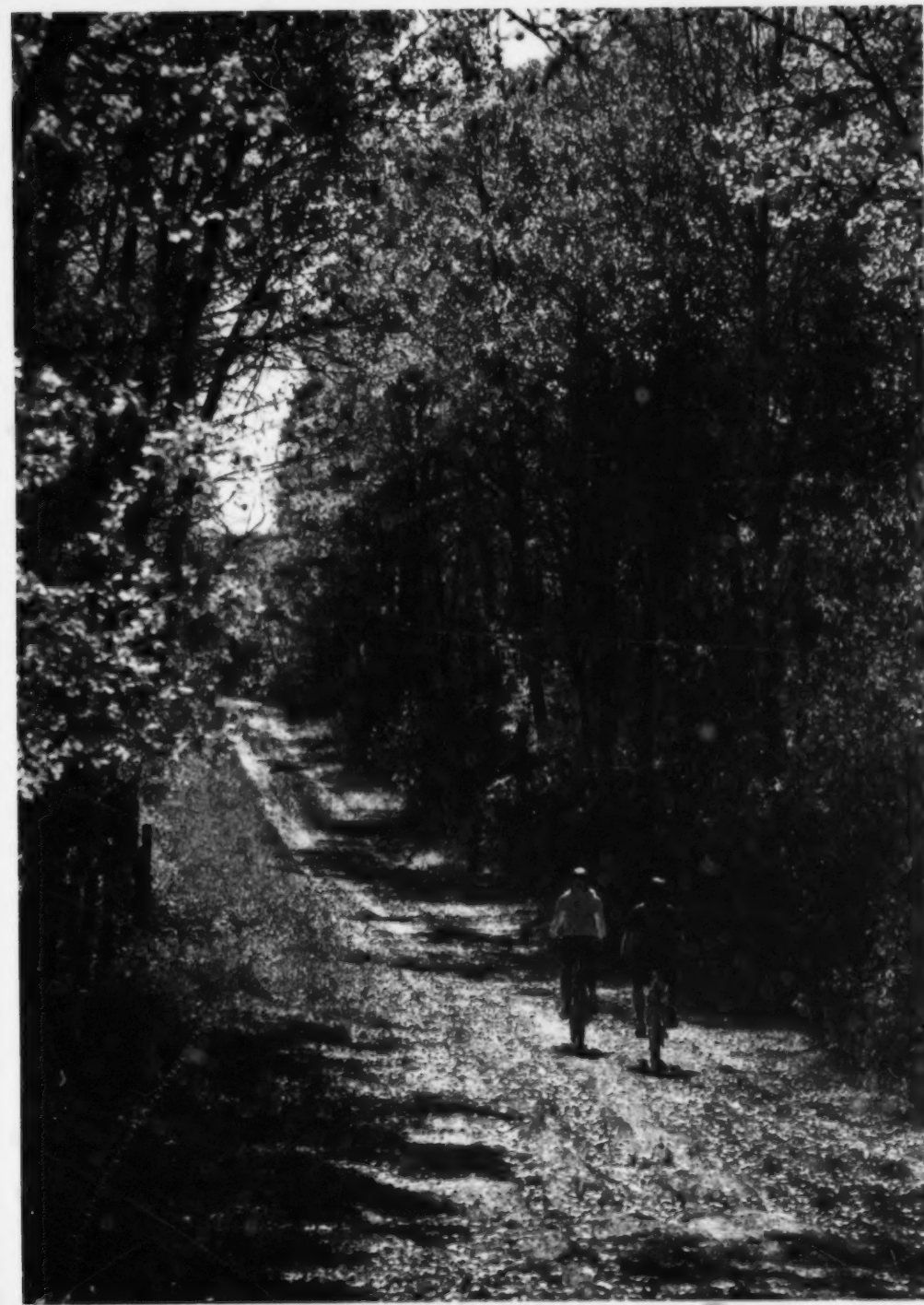
Consumer Website

Tourism Saskatchewan officially launched its new consumer website, www.sasktourism.com, in January, 2008. Many of the website's standard features – *Places to Go, Things to Do, Where to Stay* – were enhanced with a variety of new features. The Marketing and IT Teams paid particular attention to improving the search feature, which is now more accessible and has advanced mapping tools. The enhanced search feature allows visitors to explore various links and easily access more detailed information about activities of interest.

The comprehensive consumer website allows visitors to research all of the tourism opportunities on one site, and provides the option of continuing on to more specific information by promoting member websites. Tourism Saskatchewan members have seen an increase in traffic to their own sites, generated by product listings and links embedded in www.sasktourism.com, where operators can close the sale and generate travel to the province.

Marketing Shows

Tourism Saskatchewan participates in both consumer and trade shows as an effective way to present Saskatchewan product to the travel trade and public. This allows the organization to communicate on a one-to-one basis the value to travel and experience the Saskatchewan product. While participating in these shows, Tourism Saskatchewan can also gather important information on the consumer – why, where,



how, and what creates their travel motivations. This research information is then used to better position Saskatchewan as a travel destination.

Tourism Saskatchewan attends marketplace events on behalf of the industry and in partnership with the industry. During this fiscal year, the Marketing Team participated in 24 shows across North America, Europe, and Asia. Contacts were made with over 11,000 consumers, travel groups, and tour operators. A positive outcome was an increase in the number of packages offering Saskatchewan as a destination by tour operators in these continents. Participation in outdoor-recreation specific shows resulted in more than 100 qualified direct leads passed on to the outfitting industry.

Advertising

Advertising is another tool used to reach potential visitors across North America and beyond. A combination of print and outdoor advertising, direct mail, and search engine keyword purchases focused on promoting Saskatchewan in target markets. Some initiatives were primarily awareness based; however, the majority of advertising placements were measured on their ability to generate inquiries back to Tourism Saskatchewan's call centre or website. A follow-up conversion survey will test our success in converting these inquiries into visits.

Alberta was a major focus of advertising efforts within Canada; while campaigns in the United States reached out to anglers and RV travellers. Visitors planning trips to western Canada and Alaska (known as the pass-through market) were targeted through publications such as the

AAA Guide to Western Canada and Alaska. Advertising also supported our work with the travel trade and the travel media.

In Alberta, a 24-page, high-impact newspaper insert was distributed to more than 235,000 homes. Outdoor advertising on the C-train in Calgary and transit buses in Edmonton and Medicine Hat supported this initiative.

Magazine advertising co-op initiatives were undertaken in *Westworld Alberta*, *WESTJET up!*, and *CAA Manitoba*. A combined 20 pages featured advertising, editorial, and images showcasing our province.

Tourism Saskatchewan took advantage of Internet search engines in a paid keyword campaign. A range of keywords related to tourism products, services and destinations were chosen (e.g. fishing, parks, spas, camping, snowmobiling, etc.). Keyword purchases helped to push over 175,000 visitors to our redesigned website.

HOST Saskatchewan – Hospitality, Outfitters & Tourism Conference & Trade Show

A partnership between Tourism Saskatchewan, the Saskatchewan Hotel and Hospitality Association, and the Saskatchewan Outfitters Association, the first *HOST Saskatchewan – Hospitality, Outfitters & Tourism Conference & Trade Show* – was held in April, 2008 in Saskatoon. Over 450 delegates assembled for three days of workshops, networking opportunities, industry celebrations, and trade show exhibits.

The conference featured 20 industry workshops, three individual gala celebrations, and the largest tourism trade show in the province's history. Keynote addresses were delivered by actor Eric Peterson, from the hit TV series, *Cornier Gas*™, and Dr. Dafydd Williams, Canadian physician and astronaut who flew on two space shuttle missions.

Workshop presenters shared their expertise on a range of topics, providing delegates with valuable knowledge to enhance their businesses.

Local Bounty: Farmer-Chef Connection

Tourism Saskatchewan partnered with the Saskatchewan Ministry of Agriculture, Calories Bakery & Restaurant (Saskatoon), and *Savour Life Magazine* (Regina) to host Saskatchewan's first formal gatherings of local chefs and food producers in an effort to bring more locally grown food to restaurant menus.

Local Bounty: Farmer-Chef Connection was first held in Saskatoon, February 24, 2008, followed by an event held in Regina, June 22, 2008. During these day-long assemblies, Saskatchewan chefs and food producers shared their individual perspectives, priorities, and potential for bringing the bounty of Saskatchewan to restaurant consumers.

Aboriginal Tourism Association of Saskatchewan Inc. (ATASI)

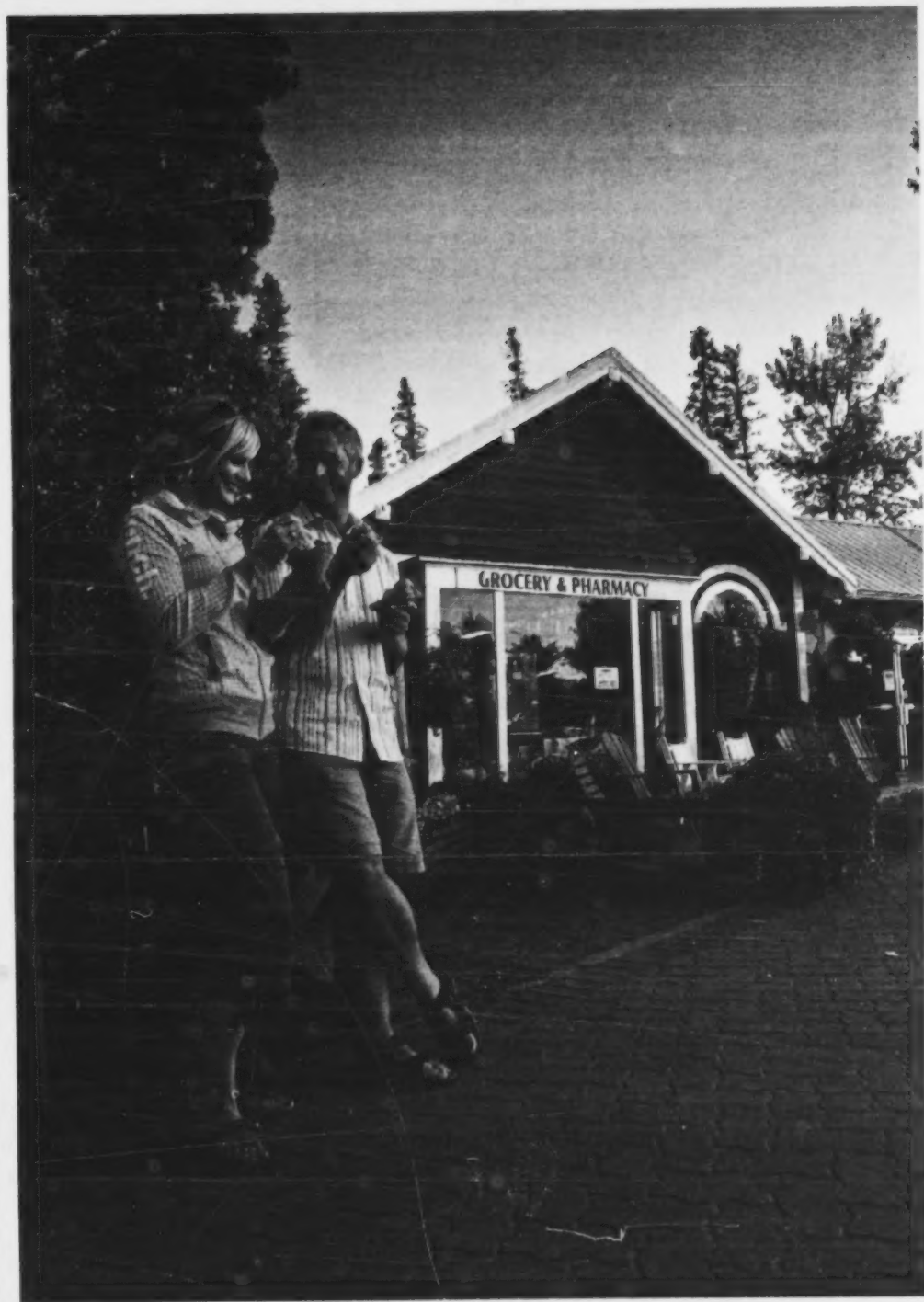
ATASI promotes the growth of First Nations and Métis tourism in Saskatchewan, through product development, marketing, and the growth of sustainable partnerships. Tourism Saskatchewan's Industry Development Team provides support to a number of ATASI activities, such as the production of the first *Saskatchewan Aboriginal Tourism Guide*, the development of community tourism plans on First Nations reserves and the provision of advice to First Nations and Métis tourism operators.

COMMUNITY PARTNERSHIPS

Travel Trade Development Strategy (TDSI)

Tourism Saskatchewan works with industry operators to strengthen the experiences they offer to visitors. With this in mind, a partnership was struck with the Business Mentorship Institute (BMI) to deliver trade readiness support to members. A mentorship program was established, matching operators who have considerable travel trade experience with businesses interested in serving long-haul markets more effectively.

Thirty-nine operators were assessed. Training was offered to 23 prospective businesses, including seven mentors. Saskatchewan was represented at *Rendez-Vous Canada* by a contingent of five tourism organizations and two City Marketing Organizations. Due to the success of TDSI, a second round of training was planned for 2008-2009.



Ready to Work Program

Since 1994, the *Ready to Work Program* has assisted people in finding long-term, rewarding careers in the tourism industry.

The *Ready to Work Program* accomplishes this through practical classroom instruction, along with hands-on skills training and on-the-job mentoring for individuals making a transition from unemployment to the tourism workforce.

This program is coordinated nationally through the Canadian Tourism Human Resource Council, and delivered in Saskatchewan by STEC, with support from Can-Sask Career and Employment Centres throughout Saskatchewan, and Human Resources & Skills Development Canada regionally.

Since its inception in 1994, over 2,300 individuals have completed the *Ready to Work Program* in Saskatchewan, and found employment in the tourism industry. Several individuals have established careers in the industry that have taken them from front-line to supervisory positions. Many have achieved national certification in their chosen career.

Tourism Community Champions Program

The *Tourism Community Champions Program* is a one-and-a-half day workshop that equips participants with information to assist tourism planning efforts and development in their community.

Workshop attendees acquire a better understanding of tourism planning processes and the first steps that can be

taken to effectively and efficiently identify the economic opportunities offered by tourism.

Champions return to their communities and act as tourism ambassadors who can offer advice and share information and tools learned during the workshop with others in their home community. To date, nearly 300 people across Saskatchewan have participated in the program.

Lake Diefenbaker Tourism Destination Area Plan

During 2007, at the request of the MidSask Community Futures Development Corporation/Regional Economic Development Authority (CFDC/REDA), the Whitecap Trail Association, and Lake Diefenbaker Tourism, Tourism Saskatchewan's Industry Development Team engaged in Destination Area Planning for the Lake Diefenbaker region.

The project required extensive consultation with industry stakeholders and area residents. Its preparation was facilitated and supported by the MidSask CFDC/REDA and its staff. The plan, completed in June, 2008, identified a total of 28 tourism-related issues and opportunities, and recommended specific strategies and actions to address each of them. It received the endorsement of surrounding rural municipalities, towns, villages and resort communities, the Whitecap Dakota First Nation, and the West Central and Southwest Tourism Regions.

Implementation of the plan was undertaken by WaterWolf Economic Developments Inc., with financial support provided by MidSask CFDC/REDA, the Whitecap Trail Association, Lake Diefenbaker Tourism, and Tourism Saskatchewan. These financial commitments are in place for a three-year period.

Events Saskatchewan

The *Events Saskatchewan* partnership involves Tourism Saskatchewan, SaskCulture, SaskSport, and the Saskatchewan Parks and Recreation Association. It provides leadership and support to sport, culture and recreation organizations and to the tourism industry in order to increase the quality, growth and stability of events in

Saskatchewan, while maximizing their tourism potential. The organizations support the continuous growth and improvement of Tourism Saskatchewan's events database.

MEDIA PARTNERSHIPS

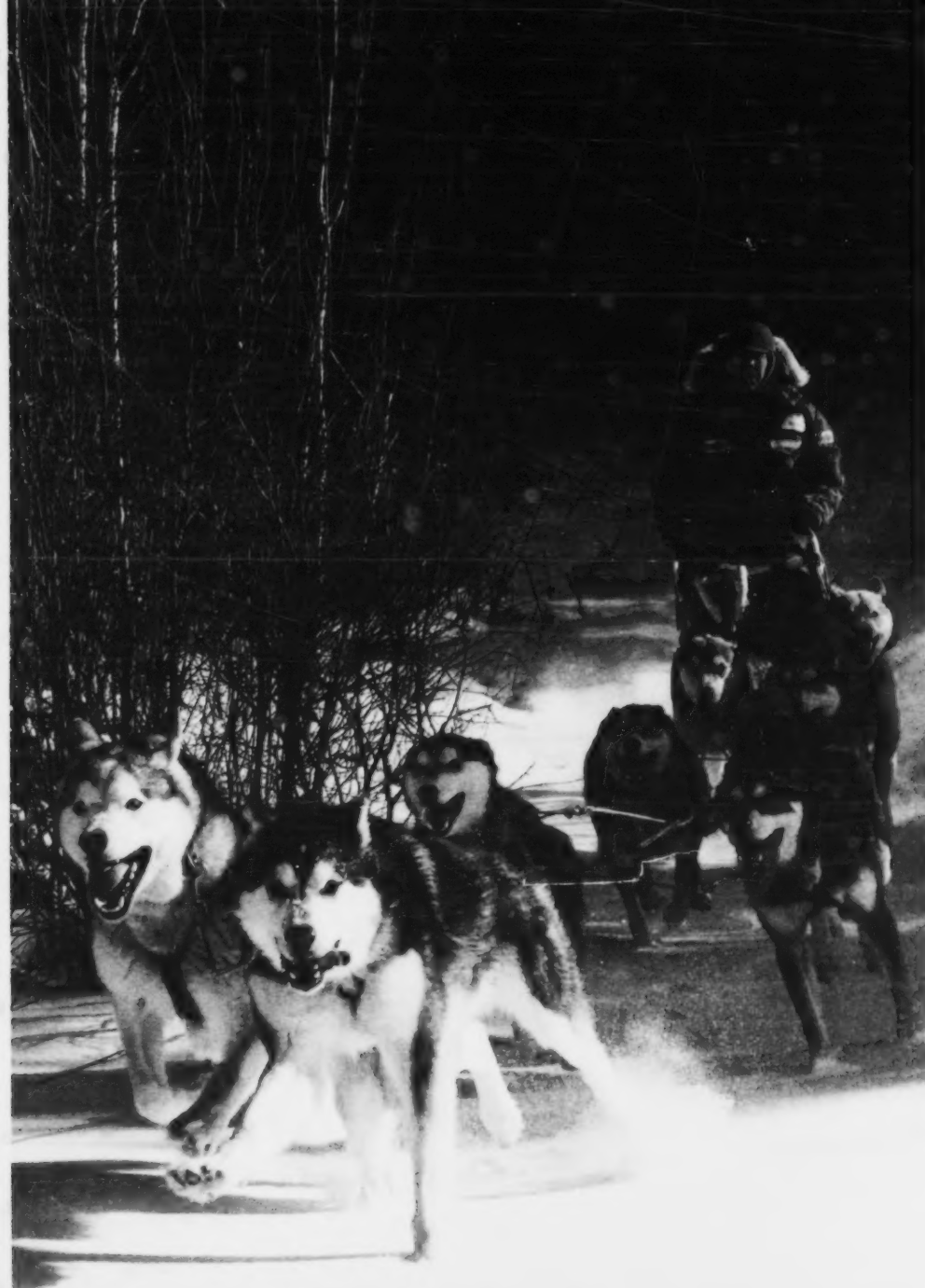
Media Assistance Program

Tourism Saskatchewan provides limited financial assistance to national and international members of the media in an effort to leverage exposure for Saskatchewan destinations and products. Support may be provided to offset transportation, accommodation, and general expenses, in addition to itinerary development and hosting capabilities. The return on this investment includes articles, photography acknowledgment, and, often, the rights to imagery for our own promotional use.

Tourism Saskatchewan's small investment in this program earns well over ten times its value in radio, print, web, and television coverage. Current year investments often continue to provide benefits as articles or programs are resold or rerun in future years.

During this fiscal year, feature articles were published in monthly magazines including: *Canadian Geographic*, *Wish*, *Canadian Living*, *LOULOU*, *Western Living*, *VIA Destinations*, *Field and Stream*, *Ducks Unlimited*, *Esox Angler*, *Cabela's Outfitter Journal* and others. Additional articles resulting from media assistance appeared in a number of Canadian daily newspaper publications including: *Toronto Star*, *Winnipeg Free Press*, *Vancouver Sun*, as well as articles in Canada's two major airline inflight magazines – *Air Canada enRoute* and *WESTJET up!* Exposure values, dependent upon the publication, circulation and size of article, range from a few hundred dollars to over one hundred thousand.

The program also resulted in television programming with full features on: *The Travel Guys*, *Mantracker*, *Canadian Geographic Kids*, *La Petite Seduction*, *Midwest Outdoors*, *Mossy Oak Productions*, *Fish n' Canada*, *Backland Outdoors*, *Outdoor Passion* and others. Dependent on the program, audience and length of program, exposure values range from ten thousand to well over two hundred thousand dollars.



Tourism Awareness Week

Tourism Saskatchewan joins other provinces for National Tourism Awareness Week, which occurs during the first week of June. Throughout the week, provincial media helped promote awareness of the importance of the industry and its contribution to the provincial economy.

Celebrations included Professional Recognition Dinners in Saskatoon and Regina in honour to those being certified in tourism professions. These dinners also honoured Saskatchewan businesses that have demonstrated best-practices and a commitment to employee training and development.

Additional activities were organized throughout the province. The Northern region hosted a golf tournament in Goodsoil, Nipawin celebrated its popular Pike Festival, Wolseley and Indian Head provided tours of their heritage buildings, North Battleford had Volunteer and Employer Tourism Training Awards, and Weyburn held a BBQ with proceeds supporting the Soo Line Historical Museum. Tourism Regina hosted a Member Luncheon, and a BBQ lunch was held in North Portal to recognize the important role played by Customs and Immigration Staff.

Media support involved participating radio stations that offered tourism trivia contests and prizes to their listeners. Tourism Saskatchewan's annual *Snap it! The Great Saskatchewan Photo Contest* was launched to encourage visitors to send in their best Saskatchewan photos. The success of this week can be attributed to the enthusiasm of those working in our industry and tourism regions.

NATIONAL PARTNERSHIPS

Ministry of Tourism, Parks, Culture and Sport

The provincial Government allocated \$700,000 to Tourism Saskatchewan for high-definition video footage and still photography. Both showcase Saskatchewan's unique geography, from the southern badlands to the northern boreal forest, through four distinct seasons.

This investment in our image inventory will help us to meet the standards of international media. This work will be made available to the Canadian Tourism Commission for use preceding, during, and after the 2010 Olympic and Paralympic Winter Games. As well, Tourism Saskatchewan will feature these new assets throughout the 2008-2009 marketing cycle.

Western Canadian Tourism Alliance

The Western Canadian Tourism Alliance is a partnership between British Columbia, Alberta, Saskatchewan and Manitoba's provincial tourism marketing organizations. The groups successfully negotiated a \$5 million funding program with Western Economic Diversification that occurred from January 1, 2008 until October 31, 2008. The funding was designed to assist members of the Tourism Alliance mitigate some of the issues in the United States and overseas tourism markets through expanded marketing tactics.

Tourism Saskatchewan's portion was \$750,000, which allowed the organization to expand its international advertising efforts. This included the distribution of a newspaper insert in North Dakota and Montana, expansion of search engine keyword purchases beyond North American target markets, and website promotions in Germany.

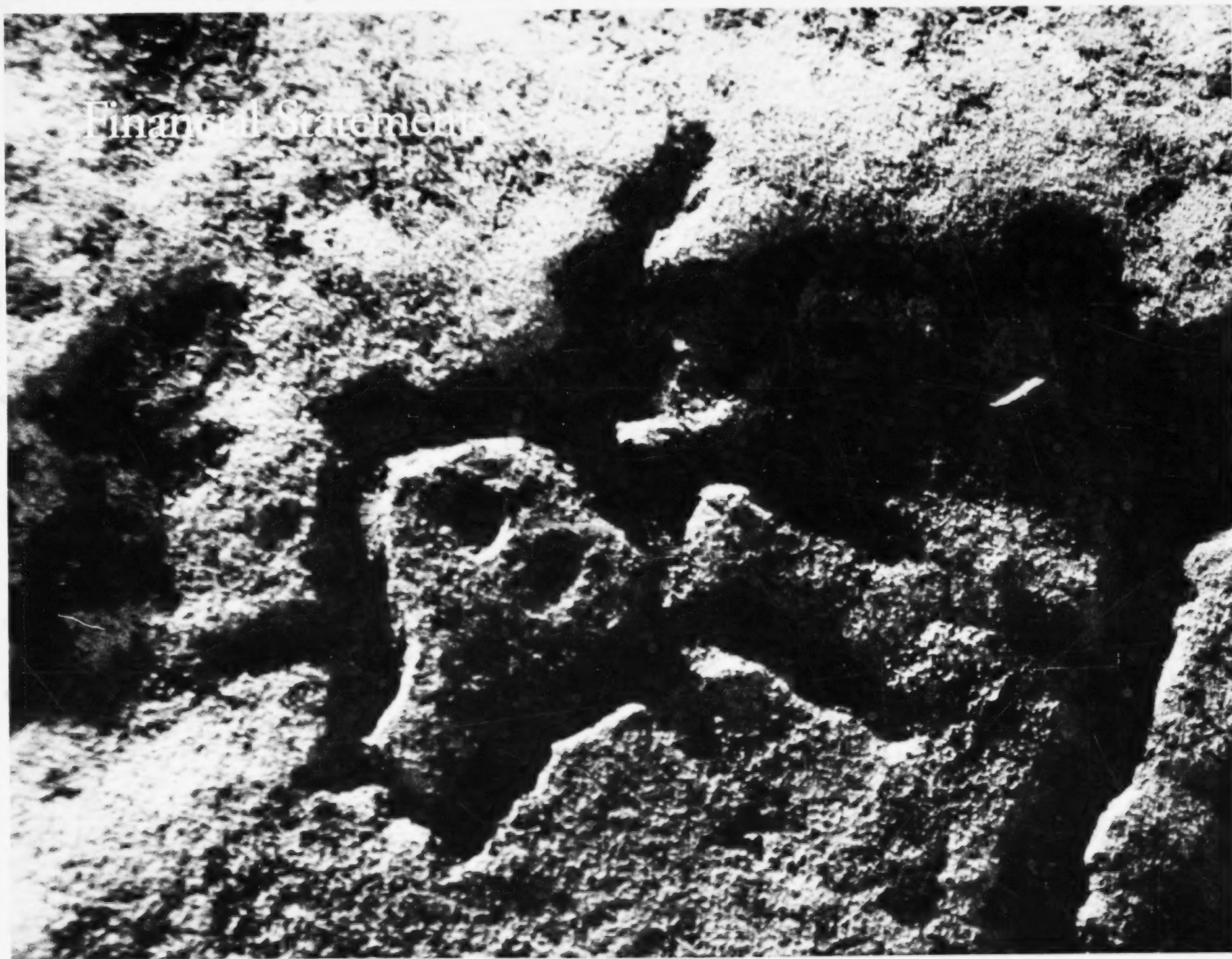
REGIONAL PARTNERSHIPS

Saskatchewan's tourism regions support localized participation in the tourism industry, through related marketing support and membership development. Tourism Saskatchewan provides financial support on an annual basis through the Regional Funding Program. The purpose of the Program is to:

- Support the overall development of the tourism industry by providing funding assistance through the Core Operating Fund for administrative support contained within the five rural Tourism Administrative Regions.
(\$109,700 per Rural Region and \$161,300 for the Northern Region)
Total Core Operating Fund = \$600,100/year
- Provide marketing assistance through the Core Marketing Fund to the rural Tourism Administrative Regions and City Marketing Organizations (CMOs) that offer a number of advertising and partnership opportunities to promote their membership. These are outlined within the Business and Marketing Plans of the Tourism Administrative Regions and CMOs and are communicated throughout the year.
(\$150,000 per CMO and \$70,000 per Rural Region)
Total Core Marketing Fund = \$650,000/year
- Provide an opportunity for the five rural Tourism Administrative Regions and two CMOs to apply for Incremental Marketing Funds for initiatives beyond core marketing activities. The Fund is to encourage inter-regional marketing initiatives and must include at least two Regions or CMOs.
Total Incremental Marketing Fund = \$200,000/ year

Total Regional Funding = \$1,450,100/year

Financial Statement





Tourism Authority operating as

TOURISM SASKATCHEWAN

Financial Statements

September 30, 2008

To the Members of Tourism Saskatchewan:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles and ensuring that all information in the Annual Report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, Management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed entirely of Directors, who are neither managers nor employees of the Authority. The Board is responsible for overseeing Management in the performance of its financial reporting responsibilities, and for recommending approval to the Members of the financial information included in the Annual Report. The Audit Committee has the responsibility of meeting with Management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Authority's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the Members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and Management to discuss their audit findings.

October 15, 2008


Chief Executive Officer

Auditors' Report



MEYERS NORRIS PENNY LLP

To the Members of Tourism Authority o/a Tourism Saskatchewan:

We have audited the statement of financial position of Tourism Saskatchewan as at September 30, 2008 and the statements of operations and supporting schedules, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at September 30, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Meyers Norris Penny LLP

Chartered Accountants

Regina, Saskatchewan

October 15, 2008

Tourism Saskatchewan

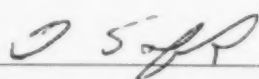
Statement of Financial Position • September 30, 2008

	2008	2007
ASSETS		
CURRENT		
Cash (Note 7)	\$1,771,339	\$1,451,220
Accounts receivable	799,980	546,376
GST receivable (Note 5)	48,925	3,109
Inventory	26,455	44,984
Prepaid expenses	69,278	113,936
	2,715,977	2,159,625
LONG TERM		
Capital assets (Note 6)	964,975	790,752
	\$3,680,952	\$2,950,377
LIABILITIES and NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$1,049,697	\$944,235
Unearned revenue	198,060	348,011
Current portion of deferred contributions related to capital assets (Note 8)	43,000	10,000
Deferred grant contribution (Note 8)	288,125	288,125
	1,578,882	1,590,371
LONG TERM		
Deferred contribution related to capital assets (Note 8)	387,000	60,000
	1,965,882	1,650,371
NET ASSETS		
Invested in capital assets	964,975	720,752
Internal restrictions: (Note 9)		
Partnership Marketing Fund	160,265	42,500
President's Marketing Advisory Fund	160,909	140,473
STEC Fund	119,306	163,966
Initiatives Fund	178,826	223,315
Unrestricted	130,789	9,000
	1,715,070	1,300,006
	\$3,680,952	\$2,950,377

See accompanying notes to financial statements.

APPROVED BY THE BOARD:

Director



Director



Tourism Saskatchewan

Statement of Operations • Year Ended September 30, 2008

	2008	2007
REVENUE		
Provincial Operating Grant	\$9,332,543	\$8,142,192
Other grants and contributions	702,834	216,770
Education and training	1,760,858	1,437,116
Partnership	111,932	86,105
Advertising	259,354	241,641
Retail sales	81,805	87,066
Listings	132,167	147,358
Membership	57,858	56,843
Interest and other	60,967	67,262
	12,905,318	10,482,353
EXPENSES		
Administration (Schedule 1)	1,972,325	1,759,864
Education and training (Schedule 2)	2,167,125	1,760,746
Marketing and advertising (Schedule 3)	5,886,385	4,913,029
Membership and visitor services (Schedule 4)	1,726,133	1,672,271
Cost of retail sales	37,119	61,026
Board and committees	56,667	46,111
Initiatives fund (Schedule 3)	167,526	42,371
President's marketing advisory (Schedule 3)	7,934	62,328
Partnership marketing (Schedule 3)	24,380	45,708
STEC fund	44,660	71,034
	12,090,254	10,434,488
EXCESS OF REVENUE	\$415,064	\$47,865

See accompanying notes to financial statements.

Tourism Saskatchewan

Statement of Changes in Net Assets • Year Ended September 30, 2008

	Invested in Capital Assets	Internally Restricted for Partnership Marketing	Internally Restricted for President's Marketing	Internally Restricted for STEC	Internally Restricted for Initiatives	Unrestricted Operations	Total 2008	Total 2007
BALANCE, BEGINNING OF YEAR	\$720,752	\$42,500	\$140,473	\$163,966	\$223,315	\$9,000	\$1,300,006	\$1,252,141
Excess of revenue (expenses)	(\$46,343) ⁽¹⁾	(24,380)	(7,934)	(44,660)	(167,526)	1,205,907	415,064	47,865
Invested in capital assets	790,566	-	-	-	-	(790,566)	-	-
Interfund transfers (Note 9)	-	(28,370)	28,370	-	-	-	-	-
Internally imposed restrictions (Note 9)	-	170,515	-	-	123,037	(293,552)	-	-
NET ASSETS, ENDING	\$964,975	\$160,265	\$160,909	\$119,306	\$178,826	\$130,789	\$1,715,070	\$1,300,006

See accompanying notes to financial statements.

⁽¹⁾ Consists of:

Amortization expense	\$299,088
Video write off	317,255
Amortization of deferred contributions related to capital assets (Note 8)	(70,000)
Decrease in net assets invested in capital assets	\$546,343

Tourism Saskatchewan

Statement of Cash Flows • Year Ended September 30, 2008

	2008	2007
OPERATING ACTIVITIES		
Excess of revenue	\$415,064	\$47,865
Add (deduct) items not requiring cash:		
Amortization of capital assets	299,088	273,161
Video write off	317,255	-
Amortization of deferred contributions related to capital assets (Note 8)	(70,000)	(10,000)
	961,407	311,026
Net change in non-cash working capital working items (Note 11)	149,278	135,419
NET CASH GENERATED FROM OPERATING ACTIVITIES	1,110,685	446,445
INVESTING ACTIVITIES		
Purchase of capital assets	(790,566)	(142,349)
NET CASH USED IN INVESTING ACTIVITIES	(790,566)	(142,349)
FINANCING ACTIVITIES		
Repayment of leasehold improvement loan	-	(87,439)
NET CASH USED IN FINANCING ACTIVITIES	-	(87,439)
NET INCREASE IN CASH	320,119	216,657
Cash, beginning of year	1,451,220	1,234,563
CASH, END OF YEAR	\$1,771,339	\$1,451,220

See accompanying notes to financial statements.

Tourism Saskatchewan

Notes to the Financial Statements | September 30, 2008

1. DESCRIPTION OF BUSINESS

The Tourism Authority (the "Authority"), operating as Tourism Saskatchewan, was incorporated as a non-profit organization under the Tourism Authority Act and commenced operations on October 1, 1994. The Authority was formed to promote and develop tourism in Saskatchewan on behalf of the tourism industry and the Government of Saskatchewan. Certain assets were transferred to the Authority from the Government of Saskatchewan, Department of Economic Development and Saskatchewan Property Management Corporation (SPMC).

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles:

a) Revenue Recognition

The Authority follows the deferral method of accounting for grant and education and training contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated, collection is reasonably assured and the expenses relating to the contribution are incurred.

Revenue received by the Authority in advance of the actual performance of services is deferred and is recorded as unearned revenue.

Partnership, Advertising, Listing and Membership revenue is recognized as earned. Funds received for services that relate to the future, are deferred and recognized as revenue when earned.

Interest is recognized as earned.

Retail sales are recognized as revenue on the date of sale.

b) Cash

Cash is comprised of monies on deposit and is recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

c) Inventory

Inventory is valued at the lower of cost and net realizable value.

d) Capital Assets

Capital assets are recorded at cost and are amortized over their estimated useful lives. Amortization expense is calculated using the straight-line method at the following annual rates:

Photo library	10% to 20%
Furniture and equipment	10% to 20%
Computer equipment	33%
Leasehold improvements	10% to 20%
Signs and displays	20%
Video and video footage	10%

e) Income Taxes

The Authority is incorporated as a non-profit organization and is exempt from income taxes.

f) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from



Tourism Saskatchewan

Notes to the Financial Statements • September 30, 2008

the current estimates. Accounts receivable are stated after evaluation as to the collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of the asset. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

g) Financial Instruments

The Authority has classified cash, accounts receivable, and accounts payable and accrued liabilities as financial instruments held for trading. Held for trading financial assets and liabilities are financial instruments that are acquired or incurred principally for the purpose of selling or repurchasing the instrument in the near term. These instruments are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Held for trading financial instruments are carried at fair value with both realized and unrealized gains and losses included in net income. Initial cost approximates fair value due to the short-term nature of the instruments.

Transactions to purchase or sell these items are recorded on the trade date. Transaction costs related to held for trading financial instruments are expensed as incurred.

The Authority assesses impairment of all its financial assets. Impairment is measured as the difference between the asset's carrying value and its fair value. Any impairment, which is not considered temporary, is included in current year earnings.

h) Recent Accounting Pronouncements

In January 2006, the CICA Accounting Standards Board ("ACSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for publicly accountable enterprises are expected to converge with International Financial Reporting Standards ("IFRS") by the end of 2011. Strategies for not-for-profit organizations (NPO'S) are yet to be determined and at the present time NPO'S are not required to use IFRS. The Authority continues to monitor and assess the impact of convergence of Canadian generally accepted accounting principles ("GAAP") and IFRS.

3. CHANGE IN ACCOUNTING POLICIES

On October 1, 2007, Tourism Saskatchewan adopted the handbook sections, 1535 – Capital Disclosures, 3362 – Financial Instruments – Disclosures and 3863 Financial Instruments – Presentation as required by the Canadian Institute of Chartered Accountants ("CICA"). Section 1535 establishes guidelines for the disclosure of information on the Authority's capital and how it is managed. This enhanced disclosure describes the Authority's objectives, policies and processes for managing capital. Capital disclosures are provided in Note 13 of these financial statements.

Sections 3862 and 3863 replace Section 3861 Financial Instruments – Disclosure and Presentation. These sections require enhanced disclosure of the nature and extent of financial instrument risks to which the Authority is exposed and how these risks are managed. The Authority has provided the required disclosure in Note 4 of these financial statements.

4. FINANCIAL INSTRUMENTS

Tourism Saskatchewan as part of its operations carries a number of financial instruments which by their nature are subject to risks.

a) Credit Risk

The Authority is exposed to credit risk in respect to accounts receivable in the event that the customer cannot meet its obligations. It is Management's opinion that the Authority is exposed to minimal risk because 54% of the accounts receivable balance is due from the Government of Saskatchewan. Credit risk is managed with regular credit assessments and an allowance is maintained and reviewed for potentially uncollectible accounts.

b) Fair Value

The carrying value of cash, accounts receivable and accounts payable and accrued liabilities approximates their fair value due to the short-term maturities of these items.

c) Interest Rate Risk

The Authority has cash balances and therefore is not exposed to significant interest rate risk.

5. GST RECEIVABLE

The Authority claims goods and services input tax credits based upon its level of staff time devoted to generating GST taxable supplies. For the year ended September 30, 2008, the applicable rate was 70% overall. Purchases of goods for resale are eligible for 100% input tax credits.

GST receivable is net of any GST payable.

6. CAPITAL ASSETS

Capital expenditures incurred during the year totaling \$609,826 are related to the production of a high definition promotional video. These costs will not be amortized until the new video is in use.

	Accumulated		Net Book Value	
	Cost	Amortization	2008	2007
Photo library	\$785,627	\$557,460	\$228,167	\$283,129
Furniture and equipment	466,948	411,119	55,829	13,610
Computer equipment	501,650	442,300	59,350	65,234
Leasehold improvements	477,313	477,313	-	106,091
Signs and displays	129,622	117,819	11,803	5,432
Video and video footage	609,826	-	609,826	317,256
	\$2,970,986	\$2,006,011	\$964,975	\$1,90,752

7. CASH

Of the cash balance of \$1,771,339, (2007 - \$1,451,220) there are internal restrictions of \$619,306 (2007 - \$570,254) for net restricted asset balances.

The Authority has access to the following operating line of credit, repayable on demand with interest paid monthly at the TD Bank prime rate. As of September 30, 2008, the Authority has not drawn on the operating line.

Base operating limit \$ 500,000

8. DEFERRED CONTRIBUTIONS

Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent contributions received for the purpose of purchasing capital assets.

During the year, \$430,000 (2007 - \$ nil) of contributions related to the purchase of capital assets have been deferred. The funds relate to the production of a promotional high definition video. These contributions will be recognized as income on the same basis as the related capital assets are amortized. During the year \$nil of these deferred contributions have been recognized as income, as the development of the video was not completed by September 30, 2008.

During the year, \$70,000 (2007 - \$10,000) of deferred contributions were recognized as income that related to the old promotional video. These capital assets were written off during the year, because technological advancements in video require footage to be in high definition format.

Tourism Saskatchewan

Notes to the Financial Statements • September 30, 2008

Deferred Grant Contribution

Deferred grant contribution represents the accelerated receipt of an operating grant payment from Industry and Resources. Pursuant to the \$7,040,000 annual funding agreement, the payment schedule was revised during the 1998/99 fiscal year. The transition to the revised payment schedule resulted in an accelerated payment of \$288,125 being received before the Authority's 1998/99 fiscal year end. \$288,125 of the annual receipts will continue to be deferred to maintain a level of operating grant revenue consistent with the annual funding agreement.

9. INTERNALLY RESTRICTED NET ASSETS

The Authority is funded by the Government of Saskatchewan through the Ministry of Tourism, Parks, Culture and Sport. As per the funding agreement, the maximum amount of funds that can be accumulated in net restricted assets excluding STEC is \$500,000 and the net restricted assets for STEC cannot exceed \$400,000. Any amount exceeding these thresholds, as reported in the audited financial statements, must be repaid to the Ministry within 90 days of the fiscal year end. The funding agreement also limits unrestricted net assets to a maximum of \$250,000 with any amounts exceeding this maximum paid back to the Ministry within the same time frame.

a) Partnership Marketing Fund

The Authority has entered into contracts with the tourism regions and industry partners to provide funds for eligible marketing activities to be carried out subsequent to the year-end.

During the year, the Authority's board of directors internally restricted \$170,515 (\$42,500 in 2007) of unrestricted net assets, the maximum amount remaining to be paid out pursuant to these contracts and subject to the regions and partners incurring eligible marketing expenditures by November 30, 2008. These internally restricted amounts are not available for other purposes without approval of the board of directors.

Changes to the net assets restricted for the Partnership Marketing Fund are as follows:

	2008	2007
Beginning balance	\$42,500	\$114,834
Less expenditures incurred during the year on regional and industry partner marketing activities	(24,380)	(45,708)
Less funds transferred to President's Marketing Advisory Fund representing unspent marketing funds from previous year's marketing contracts	(28,370)	(69,126)
Add internally imposed restrictions during the year	170,515	42,500
Ending balance	\$160,265	\$42,500

Tourism Saskatchewan

Notes to the Financial Statements • September 30, 2008

b) President's Marketing Advisory Fund

During the year, the Authority's board of directors internally restricted \$28,370 (\$69,126 – 2007) for the President's Marketing Advisory Fund. The CEO of Tourism Saskatchewan determines provincial marketing campaigns in consultation with the President's Marketing Advisory Council. The additional amount represents unspent marketing funds from the 2006/2007 marketing contracts with the tourism regions and industry partners and is being restricted for this purpose consistent with the recommendation presented in the renewal of the MOA agreement of April 2002. There is no internally imposed restriction for 2008 (\$55,200 – 2007).

Changes to the net assets restricted for the President's Marketing Advisory Fund are as follows:

	2008	2007
Beginning balance	\$140,473	\$78,475
Funds transferred from Partnership Marketing Advisory Fund representing unspent marketing funds from previous year's marketing contracts	28,370	69,126
Internally imposed restrictions from unrestricted funds	-	55,200
Less expenditures	(7,934)	(62,328)
Ending balance	\$160,909	\$140,473

c) STEC Fund

In 2005 the Authority's board of directors set up a restricted fund for operational purposes for expenditures with the Saskatchewan Tourism Education Council (STEC).

Changes to the net assets restricted for the STEC fund are as follows:

	2008	2007
Beginning balance	\$163,966	\$235,000
Internally imposed restrictions during the year	-	-
Less expenditures incurred during year for training	(44,660)	(71,034)
Ending balance	\$119,306	\$163,966

Tourism Saskatchewan

Notes to the Financial Statements • September 30, 2008

d) Initiatives Fund

The Authority board of directors has internally restricted funds to be used for certain initiatives. Funds of \$123,037 (\$95,055 - 2007) were restricted in 2008 with a new Foundation Development Fund created. The other funds are restricted for RVC/Trade Initiative, Industry Development Sector Study, Web Based Marketing and Research as well as Human Resource Initiatives. Costs of \$167,526 were incurred in 2008 relating to prior years restrictions.

Changes to the net assets restricted for the initiatives fund are as follows:

	2008	2007
Beginning balance	\$223,315	\$170,631
Internally imposed restrictions during the year	123,037	95,055
Less expenditures incurred during the year	(167,526)	(42,371)
Ending balance	\$178,826	\$223,315

10. COMMITMENTS

Leases

The Authority has entered into leases for office premises in Regina and Saskatoon and Visitor Reception Centres at various locations in the province. The future minimum lease payments are as follows:

2009	\$337,587
2010	\$288,806
2011	\$288,806
2012	\$288,806
2013	\$288,806
2014 thereafter	\$602,900

11. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	2008	2007
Accounts receivable	\$(253,604)	\$(327,188)
GST receivable	(45,816)	23,341
Inventory	18,529	27,089
Prepaid expenses	44,658	(37,457)
Accounts payable and accrued liabilities	105,462	572,175
Deferred grant contribution	430,000	-
Unearned revenue	(149,951)	(122,541)
Change in working capital	\$149,278	\$135,419

12. ECONOMIC DEPENDENCE

The Authority receives approximately 75% of its revenue from the Ministry of Tourism, Parks, Culture and Sport. The Authority is dependant on the funding from the Ministry in order to maintain operations at the current level.

13. CAPITAL MANAGEMENT

The government funding provided to the Authority must be used to deliver the Authority's business plan. At each fiscal year end the maximum amount of restricted net assets as per the audited financial statements cannot exceed \$900,000. Any amount in excess of this shall be paid to the Minister of Finance within 90 days. The Authority is also allowed to accumulate up to \$250,000 in unrestricted net assets. Again any amount in excess of this amount shall be paid to the Minister of Finance within 90 days. To stay within these restrictions, Managers receive monthly spending reports compared to budget. Revised budgets are done twice a year to ensure responsible and accurate program spending with excess funds reallocated as required.

14. WESTERN ECONOMIC PARTNERSHIP AGREEMENTS

During 2003/04, the Authority entered into an agreement with the Government of Saskatchewan and received \$558,750 to help fund Rendezvous Canada in 2005 and 2006 as well as the Trade Development Strategy. At September 30, 2008 \$120,737 (2007 - \$260,606) remains in unearned revenue to be used in 2008/09 for the implementation of the Trade Development Strategy.

15. DEFINED CONTRIBUTION PENSION PLAN

The Authority has a defined contribution plan for employees. The Authority's obligations are limited to matching contributions made by the employees for current services. During the year, the Authority contributed \$224,629 (2007 - \$214,792).

16. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform with the current year's presentation.

Tourism Saskatchewan

Schedule of Administration Expenses - Year Ended September 30, 2008

SCHEDULE 1

	2008	2007
Amortization	\$20,618	\$23,684
Building rental	51,686	46,121
Equipment rental	17,650	16,138
Insurance	12,649	14,870
Interest and bank charges	2,161	19,135
Legal	4,042	1,106
Postage	22,844	39,835
Professional services	138,366	102,508
Repairs and maintenance	16,212	7,649
Salaries and benefits	1,330,821	1,353,908
Stationery and supplies	33,278	33,211
System consulting/development	18,735	17,755
Telephone	13,930	12,076
Travel	60,780	71,868
Video write off	28,553	-
	\$1,972,325	\$1,759,864

See accompanying notes to financial statements.

Tourism Saskatchewan

Schedule of Education and Training Expenses • Year Ended September 30, 2008

SCHEDULE 2

	2008	2007
Amortization	\$33,218	\$38,158
Building rental	75,057	66,975
Professional services	53,593	50,729
Salaries and benefits	728,156	672,040
STEC training costs	1,163,249	878,237
Travel	67,850	54,607
Video write off	46,002	-
	\$2,167,125	\$1,760,746

See accompanying notes to financial statements.

Tourism Saskatchewan

Schedule of Marketing and Advertising Expenses • Year Ended September 30, 2008

SCHEDULE 3

	Unrestricted Operations	Internally Restricted Initiatives	Internally Restricted for Partnership Marketing	Internally Restricted for President's Marketing Advisory	Total 2008	Total 2007
Advertising and media publicity	\$1,461,438	-	\$24,300	\$7,934	\$1,493,752	\$1,212,092
Amortization	55,668	-	-	-	55,668	63,948
Association and professional dues	15,275	-	-	-	15,275	18,514
Audio visual supplies	42,407	-	-	-	42,407	5,956
Building rental	82,248	-	-	-	82,248	73,392
Courier and freight	46,191	-	-	-	46,191	37,448
Events	222,348	-	-	-	222,348	362,306
Partnership Marketing Fund	1,279,587	-	-	-	1,279,587	1,461,859
Postage	25,000	-	-	-	25,000	40,000
Professional services	529,905	167,526	-	-	697,431	220,191
Promotional items	57,211	-	-	-	57,211	16,554
Salaries and benefits	1,390,786	-	-	-	1,390,786	1,160,732
Subscriptions and reference material	2,310	-	-	-	2,310	14,448
Telephone	22,752	-	-	-	22,752	19,759
Travel	438,784	-	-	-	438,784	253,771
Travel show costs	137,382	-	-	-	137,382	102,466
Video write off	77,093	-	-	-	77,093	-
	\$5,886,385	\$167,526	\$24,380	\$7,934	\$6,086,225	\$5,063,436

See accompanying notes to financial statements.

Tourism Saskatchewan

Schedule of Membership and Visitor Services Expenses • Year Ended September 30, 2008

SCHEDULE 4

	2008	2007
Amortization	\$119,583	\$137,370
Building rental	240,452	214,562
Postage	177,636	195,102
Printing, publishing and duplication	70,297	35,379
Salaries and benefits	537,042	598,295
Telephone	51,761	47,691
Travel	13,204	16,125
Travel literature	350,551	427,747
Video write off	165,607	-
	\$1,726,133	\$1,672,271

See accompanying notes to financial statements.

Proud Partners in Tourism

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